

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Incentive Auction of Upper Microwave	)	
Flexible Use Service Licenses in the Upper	)	
37 GHz, 39 GHz, and 47 GHz Bands for	)	AU Docket No. 19-59
Next-Generation Wireless Services; Comment	)	
Sought on Competitive Bidding Procedures	)	
for Auction 103	)	

**COMMENTS OF THE RURAL WIRELESS ASSOCIATION, INC.**

The Rural Wireless Association, Inc. (“RWA”) files these comments in response to the Public Notice (“*Public Notice*”) issued by the Federal Communications Commission (“FCC” or “Commission”) seeking comment on the procedures to be used for Auction 103, the incentive auction of Upper Microwave Flexible Use Service (“UMFUS”) licenses in the Upper 37 GHz, 39 GHz, and 47 GHz bands.<sup>1</sup>

**I. The FCC Should License UMFUS Spectrum Using Smaller Geographic Areas, Such as Counties, Rather than PEAs.**

RWA strongly disagrees with the Commission’s decision to offer UMFUS licenses on a Partial Economic Area (“PEA”) basis. RWA strongly believes that high-band spectrum intended for commercial use should be licensed using smaller geographic license areas, such as counties or even census block groups, as was originally proposed in the *Notice of Proposed*

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<sup>1</sup> *Incentive Auction of Upper Microwave Flexible Use Service Licenses in the Upper 37 GHz, 39 GHz, and 47 GHz Bands for Next-Generation Wireless Services; Comment Sought on Competitive Bidding Procedures for Auction 103*, Public Notice, AU Docket No. 19-59, FCC 19-35 (released April 15, 2019) (“*Public Notice*”).

*Rulemaking*.<sup>2</sup> Indeed, the Commission has already acknowledged that “smaller areas...more efficiently accommodate mmW propagation characteristics.”<sup>3</sup> Because Auction 103 UMFUS licenses will be the size of PEAs and not counties, some carriers will be forced to purchase license areas larger than the area they desire to serve, thereby overpaying for their license. Given the less robust signal propagation of high-band spectrum and the performance requirements associated with UMFUS licenses, the capital costs of servicing a PEA-sized license might be too much for small and rural carriers to bear, and thus provide a barrier to participating in Auction 103.

## **II. The FCC Should Adopt the Same Bidding Credit Caps Used in Auctions 101 and 102**

RWA supports the Commission’s proposal to adopt small business bidding credits<sup>4</sup> and a rural service provider bidding credit<sup>5</sup> for Auction 103 and supports the proposed bidding

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<sup>2</sup> *In the Matter of Use of Spectrum Bands Above 24 GHz for Mobile Radio Service, et. al.*, Notice of Proposed Rulemaking, GN Docket No. 14-177, IB Docket No. 15-256, RM-11664, WT Docket No. 10-112, IB Docket No. 97-95, FCC 15-138 (released October 23, 2015) (“*Notice of Proposed Rulemaking*”) at ¶¶ 110 (“We believe there may be several advantages to county-based licenses.”).

<sup>3</sup> *In the Matter of Use of Spectrum Bands Above 24 GHz for Mobile Radio Service, et. al.*, Second Report and Order, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, and Memorandum Opinion and Order, GN Docket No. 14-177, IB Docket No. 15-256, RM-11664, WT Docket No. 10-112, IB Docket No. 97-95, FCC 17-152 (released November 22, 2017) (“*Second Report and Order*”) at ¶¶ 28.

<sup>4</sup> An eligible bidder with attributed average annual gross revenues that do not exceed \$55 million for the proceeding three years is eligible to receive a 15 percent discount on its winning bidding. Additionally, an eligible bidder with attributed average annual gross revenues that do not exceed \$20 million for the preceding three years is eligible to receive a 25 percent discount on its winning bid.

<sup>5</sup> An eligible bidder in Auction 103 (with a customer base of fewer than 250,000 combined wireless, wireline, broadband and cable subscribers in primarily rural areas) may request a 15 percent discount on its winning bid.

credit caps associated with both the small business bidding credits<sup>6</sup> and rural service provider bidding credits.<sup>7</sup> Forty percent of the eligible bidders in Auction 101 (28 GHz) and nearly a quarter of the eligible bidders in Auction 102 (24 GHz) sought rural service provider bidding credits. Similarly, at least twenty percent of the eligible bidders in both Auction 101 and Auction 102 sought small business bidding credits. This level of participation in the Commission's ongoing high-band spectrum auctions demonstrates that small and rural companies have a keen interest to bid on UMFUS licenses in their quest to deploy 5G services in rural America. Maintaining these same bidding credits and associated reasonable bidding credit caps in Auction 103 strikes the appropriate balance between bolstering small carrier participation and incentivizing overall investment in high-band spectrum. Cutting back or eliminating these bidding credits would disproportionately bolster deep-pocketed and nationwide carriers such as AT&T Spectrum Frontiers LLC ("AT&T"), Cellco Partnership d/b/a Verizon Wireless ("Verizon") and T-Mobile License LLC ("T-Mobile") who are not subject to a cap on the amount of spectrum they could acquire in any individual UMFUS auction.<sup>8</sup>

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<sup>6</sup> The proposed small business bidding credit cap for Auction 103 is \$25 million.

<sup>7</sup> The proposed rural service provider bidding credit cap for Auction 103 is \$10 million for licenses won in markets with a population of 500,000 or less.

<sup>8</sup> *Public Notice* at ¶ 27. The Commission's mobile spectrum holdings policies applicable to millimeter wave bands limits licensees to 1,850 megahertz of spectrum, total, in the 24 GHz, 28 GHz, 37 GHz, 39 GHz, and 47 GHz Bands.

RWA urges the Commission to adopt its proposal to utilize the same bidding credits and bidding credit caps used in Auction 101 and Auction 102 for the upcoming Auction 103.

Respectfully submitted,

**RURAL WIRELESS ASSOCIATION, INC.**

By: */s/ Caressa D. Bennet*

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